

Message Text

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ACTION NEA-12

INFO OCT-01 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 L-03 H-03

PA-04 PRS-01 USIA-15 CIAE-00 COME-00 FRB-02 INR-10

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TO SECSTATE WASHDC 7626

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E.O. 11652: N/A

TAGS: EIND PK

SUBJECT: BHUTTO PROMISES GOVERNMENT-PRIVATE SECTOR

CONFERENCE ON NATIONALIZATION POLICY

BEGIN SUMMARY: PRIMIN BHUTTO IN ADDRESS TO EXPORT
PROMOTION COUNCIL SEMINAR IN KARACHI 1 NOVEMBER PROMISED
TO HOLD GOP-PRIVATE SECTOR CONFERENCE SOMETIME NEXT YEAR
TO WORK OUT "CHARTER" RE NATIONALIZATION POLICY BETWEEN THAT
TIME AND NEXT ELECTION, PROMISING NO INDUSTRY-WIDE
NATIONALIZATION BEFORE CONFERENCE. THIS INITIATIVE RECEIVED
SKEPTICALLY BY LOCAL BUSINESSMEN IN VIEW GOVERNMENT'S PAST
RECORD RE NATIONALIZATION. END SUMMARY.

1. IN LARGE IMPROMPTU SPEECH AT OPENING OF THE SEVENTH
ANNUAL EXPORT COUNCIL SEMINAR IN KARACHI 1 NOVEMBER,
PRIMIN BHUTTO, ANSWERING SHARP CRITICISM OF GOP NATIONALIZA-
TION POLICY BY CHAIRMAN, FEDERATION OF PAKISTAN CHAMBERS
OF COMMERCE AND INDUSTRY, SAID HE WOULD CALL SOMETIME
NEXT YEAR A CONFERENCE OF GOP AND PRIVATE SECTOR TO DISCUSS
NATIONALIZATION POLICY. FOLLOWING CONFERENCE, GOP WOULD
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ISSUE CLEAR "CHARTER" ON NATIONALIZATION POLICY FROM THAT

TIME UNTIL TIME NEXT ELECTION. BETWEEN NOW AND CONFERENCE, PRIMIN PROMISED THERE WOULD BE NO INDUSTRY-WIDE NATIONALIZATION LIKE SEPTEMBER NATIONALIZATION VEGETABLE GHEE INDUSTRY, BUT THERE MIGHT BE SELECTIVE NATIONALIZATIONS OF INDIVIDUAL UNITS THAT FAILED TO FULFILL THEIR COMMITMENTS

2. BHUTTO ALSO DENOUNCED OTHER RUMORS WHICH HE SAYS PRIVATE BUSINESS INTERESTS ARE SPREADING AND GAVE CATEGORICAL ASSURANCES RE THE FOLLOWING:

A. GOP HAS NO RPT NO INTENTION CONFISCATING GOLD.

B. GOP HAS NO INTENTION OPENING OR IN ANY WAY TAMPERING WQZH BANK LOCKERS (SAFE DEPOSIT BOXES).

C. GOP WOULD NOT RPT NOT NATIONALIZE PRIVATE HOUSING.

D. GOP WOULD NOT RPT NOT CONSIDER RUPEE REVALUATION "FOR TIME BEING."

3. BHUTTO HAS BEEN IN SIND PROVINCE SINCE 27 OCTOBER, CELEBRATING EID IN HIS VILLAGE 28 OCTOBER AND HOLDING OPEN "KUTCHERIES" (PUBLIC MEETINGS) IN LARKANA AND NEARBY TOWNS 29 AND 30 OCTOBER BEFORE PROCEEDING KARACHI 31 OCTOBER. IN LARKANA AREA, HE DENOUNCED WATER AND POWER DEVELOPMENT AUTHORITY SO SHARPLY FOR ITS FAILURE TO DEAL WITH LOCALLY VEXING PROBLEMS SALINITY AND WATER LOGGING THAT THERE WAS SOME PRESS SPECULATION THAT WAPDA MIGHT BE ABOLISHED. HE ALSO DEPLORED ACTIVITIES OF "ANTI-GOVERNMENT GROUPS" IN CREATING CONTROVERSY IN KARACHI OVER THE PROPER DAY FOR CELEBRATION OF EID (DETAILS BY FORTHCOMING AIRGRAM). IN KARACHI ON 31 OCTOBER PRIMIN RECEIVED BALUCHISTAN GOVERNOR BUGTI WHO HAD COME TO TOWN FOR THIS EXPRESS PURPOSE; NO DETAILS OF THIS MEETING HAVE REACHED US.

4. COMMENT: AS IN OTHER RECENT VISITS TO PROVINCE, BHUTTO'S POSTURE IN BOTH NORTHERN SIND AND KARACHI PUBLIC STATEMENTS DESIGNED TO DRAMATIZE HIS GOVERNMENTJSJS PREOCCUPATION APTH INTERESTS OF COMMON MAN. IN KARACHI SPEECH, FOR INSTANCE, HE RIDICULED PRIVATE SECTOR FOR ITS LIMITED OFFICIAL USE

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CONTINUING COMPLAINT ABOUT "UNCERTAINTIES," SAYING COMPLAINERS ARE JUST "HANDFUL" WHO CANNOT SEEM TO ADJUST TO "CHANGING TIMES," WHILE 90 PERCENT OF THE PEOPLE HAD NO UNCERTAINTY WHATEVER THAT GOVERNMENT POLICIES WOULD SUCCEED AND THAT PAKISTAN WOULD GO FORWARD. IN DEALING WITH COMPLAINTS ABOUT EXPORT DUTIES AND PROHIBITIONS, HE DEFENDED GOVERNMENT POLICY, SAYING NEEDS OF DOMESTIC CONSUMERS TAKE PRECEDENCE OVER GROWTH IN EXPORT EARNINGS. HE SAID IT

SHODTD NOT RPT NOT BE SUPPOSED THAT GOVERNMENT NATIONALIZATION POLICY DESIGNED TO "PENALIZE" PRIVATE SECTOR; RATHER EACH INSTANCE DESZ GNED TO "SOLVE AN ECONOMIC PROBLEM."

5. IN QUICK CANVASS LOCAL PRIVATE SECTOR REPS AT TEA TABLE AFTER ADDRESS, I FOUND PREVAILING ATTITUDE OF SKEPTICISM, BASED ON FEELING PRIMIN HAD LEFT MORE QUESTIONS UNANSWERED THAN ANSWERED. TIMING OF CONFERENCE ON NATIONALIZATION, FOR INSTANCE, LEFT WIDE OPEN, AS IS TIMING NEXT ELECTION. ONE BUSINESSMAN POINTED OUT THAT CONFERENCE COULD CONCEIVABLY BE HELD NOVEMBER '74 WITH NEXT ELECTION IN DECEMBER SAME YEAR. MOST DISCOURAGING OF ALL, THERE SEEMED LITTLE CONFIDENCE IN ANY UNDERTAKING BY PRIMIN IN THIS SPHERE BECAUSE OF WIDESPREAD FEELING THAT RECENT GHEE INDUSTRY NATIONALIZATION HAD VIOLATED PREVIOUS COMMITMENTS. I CONCLUDE THERE IS STILL VIRTUALLY COMPLETE STANDOFF BETWEEN GOVERNMENT AND PRIVATE SECTOR ON THIS ISSUE AND PRIMIN'S KARACHI REMARKS DID NOTHING TO IMPROVE INVESTMENT CLIMATE.

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